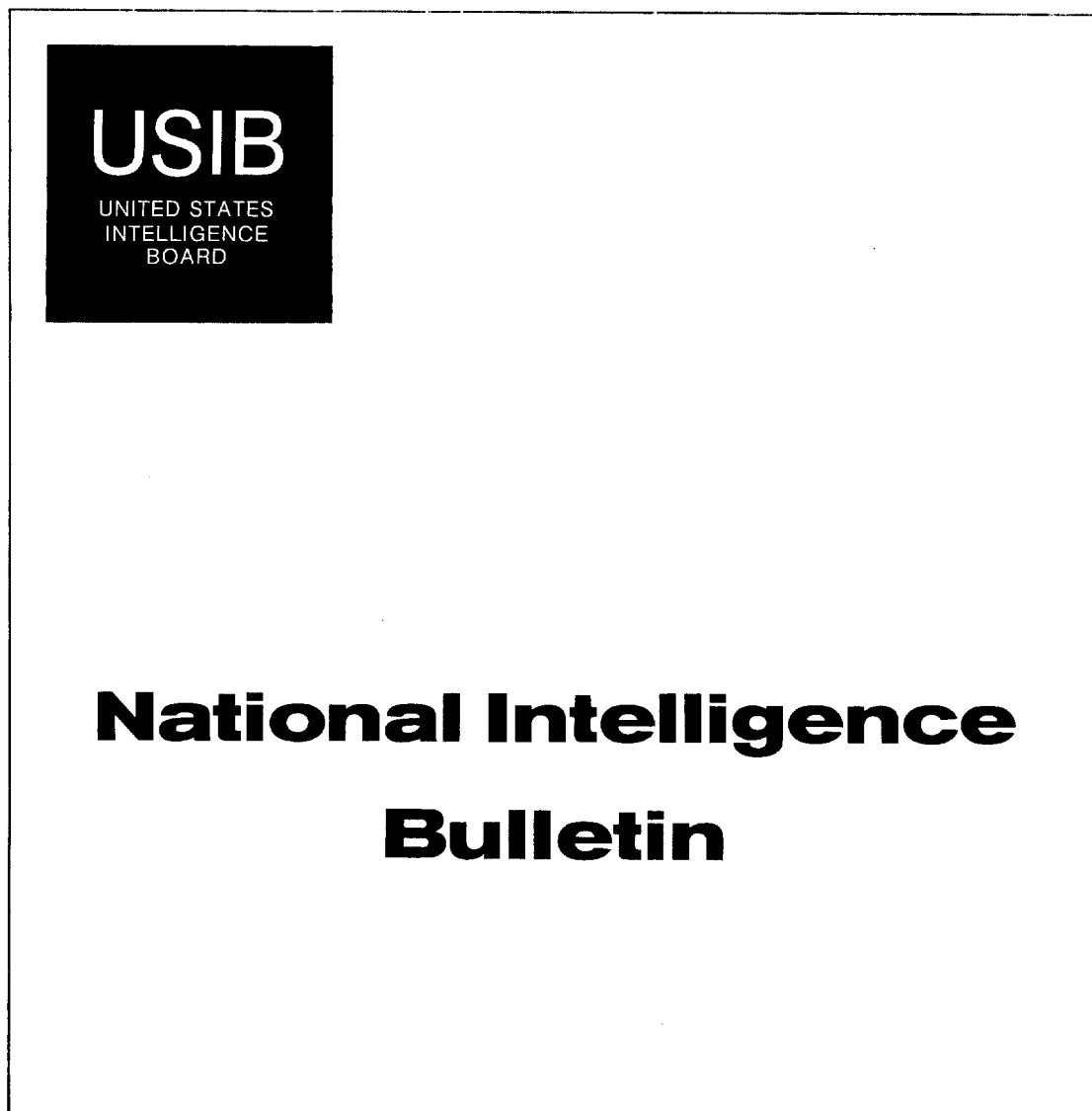


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**National Intelligence Bulletin** January 15, 1975TURKEY-US

The Turkish government reportedly is seeking alternative sources of armaments in the expectation that US military assistance will stop after the deadline of February 5 the US has assigned for showing substantial progress toward a Cyprus settlement. In a further reaction to the expected aid cutoff, members of parliament are calling for a review of Turkish-American relations.

Turkish officials had previously appeared to be assuming that a way would be found to avoid the aid cutoff. The temporary ban instituted last month, however, apparently shocked the Turks out of their complacency.

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At the same time, 16 deputies of the Republican People's Party have called for a parliamentary debate on Turkish-American relations, and a senator is pressing for a senate investigation. The proposed debate would focus on three items: mutual defense commitments; measures to fill the gap if the aid cutoff is implemented; the development of a national war industry.

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The US embassy in Ankara reports that whatever form the debates take, US-Turkish relations will suffer.

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PORTUGAL

The Portuguese Armed Forces Movement is caught in a tangle trying to keep the three-party coalition government together.

The Popular Democrats and the Socialists have threatened to walk out if the Communists succeed in pushing through a law allowing only a single labor organization. Leaders of the Armed Forces Movement are trying to placate both sides; they are trading off concessions to the Popular Democrats and the Socialists on the proposed economic plan that could lead them to withdraw their objections to the Communist-sponsored labor legislation.

There is no indication, so far, how the Popular Democrats and Socialists have reacted to the trade-off proposal. The alternative to it, leaving the Communists to govern by themselves, is not a viable option. A cabinet meeting scheduled for Friday has been advanced to tomorrow.

The Communists will not surrender the control they now have over the labor movement. Furthermore, they think they have found an issue that will cause considerable disarray in the government and might even lead to postponement of the election now expected in April. The Communists have been searching for ways to delay the election until they can build up their strength.

The Communists held a mass rally last night to show "popular support" for their labor law. The Socialists are planning a counter-demonstration tomorrow. The scheduling of these rallies increased speculation that one side or the other might try a coup in connection with the demonstration.

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JAPAN-USSR

Japanese Foreign Minister Miyazawa arrives in Moscow today on a three-day official visit, advertised as yet another effort by the two sides to make progress on the matter of a World War II peace treaty.

Any progress seems highly unlikely, however, so long as both sides remain unwilling to make basic concessions on the territorial issue--Japan's demand for the return of the small islands off eastern Hokkaido that were seized by the Soviets at the conclusion of the war.

Since there has been no sign of new flexibility by either party, the Miyazawa visit seems primarily designed to keep the dialogue on a peace treaty alive. Tokyo, for its part, also wants to keep the onus on the Soviets for persistent failure to reach agreement. From broader perspective, Tokyo sees the visit as part of an effort to balance the relatively rapid progress of the past year in Japan's relations with China. Tokyo and Peking appear set to move, over the next few months, toward conclusion of a "friendship" treaty. For their part, the Soviets probably see value in initiating a dialogue with the new leadership in Tokyo.

Thus, while Tokyo and Moscow as well may see benefits in using the Miyazawa visit to underline mutual interest in closer political and economic relations, no concrete achievements are anticipated.

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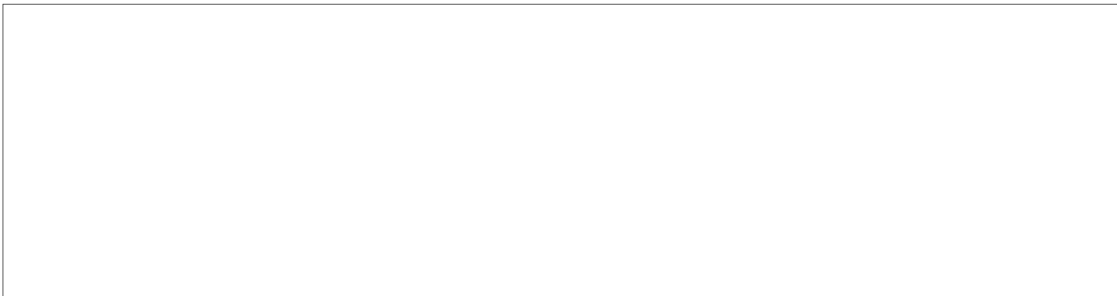
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ARAB STATES

Finance and economic ministers meeting in Cairo last week apparently failed to recruit Libya and Algeria as contributors to the Rabat War Fund. According to press reports from Amman, the fund for 1975 still totals only \$1.365 billion--a figure equivalent to pledges received from Middle Eastern oil producers immediately after the Rabat meeting last October.

Presidents Boumediene and Qadhafi, although still willing to provide arms for an Arab-Israeli conflict, apparently have refused to contribute untied cash to the fund. Neither leader is convinced that the "belligerent" countries are committed to a sufficiently hard line against Israel and, with uncertain oil revenue prospects, both are beginning to feel some financial pinch.

In view of the shortfall in pledges, Syria and Egypt will now receive \$580 million each, Jordan will receive \$175 million, and the Palestine Liberation Organization \$30 million. Although this is only 58 percent of the original Rabat aid allocation, these sums are roughly equal to the cash that belligerent states expected to receive. The balance of the originally allocated total was to have been in the form of project assistance, according to Egyptian Finance Minister Fahmi.





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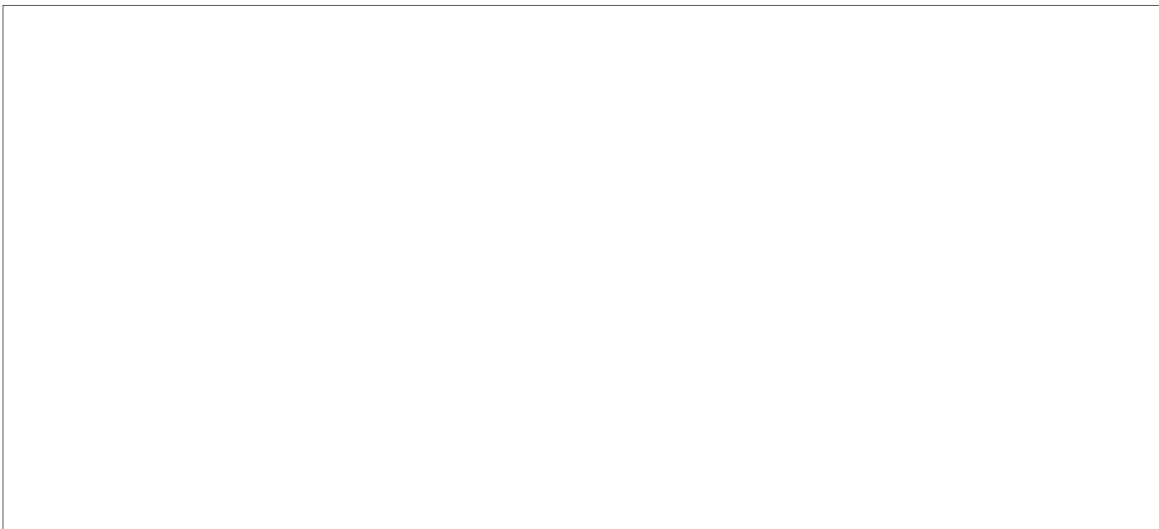
CYPRUS

President Makarios yesterday announced the formation of a new cabinet made up of men who have proved their loyalty to him in the past.

Five of the nine ministers held cabinet portfolios at the time of the coup in July, while two others were important bureaucrats. The other two are holdovers from the interim Clerides administration, but they do not owe their political allegiance to Clerides, who is now a potential rival to Makarios for the presidency.

Makarios had earlier considered forming a government of national unity, composed of representatives of all political groups, including the left and right extremists. He abandoned the idea after he could not get agreement on appointment, particularly to the important ministries of foreign affairs and interior.

Having excluded all but his supporters from the cabinet, Makarios will probably seek regular consultations with political party leaders in order to maintain a semblance of Greek Cypriot unity.



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Clerides and Denktash yesterday began preliminary discussions of political issues and will meet again tomorrow to discuss reopening Nicosia airport and the island's seaports, particularly Famagusta. The Greek Cypriots, 80 percent of the island's population, are likely to call for proportional representation of the two communities in the operation of the airport, under UN auspices, and joint control of Famagusta port.

The Turkish Cypriots are likely to insist on equal representation in the operation of the airport. They may also offer the use of Famagusta port to Greek Cypriots, but they are not likely to consent to Greek Cypriot participation in its operation.

The Turkish Cypriot side will be under pressure to make concessions because of the impending end of US military aid to Turkey on February 5. Once the airport and seaport issues are settled, the negotiators will begin to talk about the powers of the central government in the proposed federation. Clerides and Denktash agreed yesterday to set up a subcommittee to discuss remaining humanitarian issues.

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**TURKEY-GREECE**

Ankara apparently has decided to go ahead with oil exploration efforts in the Aegean, an action that is likely to lead to an increase in tension with Greece.

In responding to charges of negligence in his Aegean policy, Prime Minister Irmak confirmed yesterday that the Norwegian seismic survey ship Longva, under contract to Turkey, would begin prospecting "before long" in the Aegean off the western coast of Turkey. This would place the Longva near the disputed zone, where it could be used by the Turks to reinforce their claim. Irmak also repeated Turkey's request that the Greeks agree to a new demarcation line in the Aegean or to a proposal for joint prospecting.

The US embassy in Ankara reported yesterday that the Turkish military alert apparently has been extended. In addition to air force and paramilitary units, ground force units at Corlu, west of Istanbul, have also been placed on alert. A Turkish pilot based at Murted, one of the airfields on alert, said that Turkish military units increased their readiness because of pending Turkish oil explorations in the Aegean Sea. The Turkish units on alert would protect the ship in the event of any Greek effort to interfere with its explorations.

The embassy concludes that the alert measures taken thus far do not suggest that the Turks intend to initiate military action.

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ICELAND - WEST GERMANY

Another incident in the fishing dispute between Iceland and West Germany and Reykjavik's lukewarm response to the possibility of resuming talks between the two countries have increased tensions.

On January 12, an Icelandic ship cut the trawls of a West German fishing vessel allegedly found fishing within Iceland's self-declared 50-mile zone. It was the first incident at sea since November, when a German fishing vessel was fired upon and seized by the Icelandic coast guard.

In the meantime, Foreign Minister Agustsson recently confirmed press speculation that Iceland had received an invitation from Bonn to reopen negotiations aimed at ending the dispute. Talks have been suspended since October because of disagreements within Iceland's governing Progressive and Independence parties.

This recent incident, however, could lead to a resumption of the talks, despite Agustsson's reported statement that his government had not taken a position on Bonn's proposal because it is not clear that new talks would produce results.

The West Germans are reluctant to let the situation get out of hand and may be willing to make concessions. The Icelanders are looking for a tougher agreement than the one that ended the cod war with the UK in 1973. Iceland would like to limit, if not completely ban, West German trawlers within its 50-mile zone.

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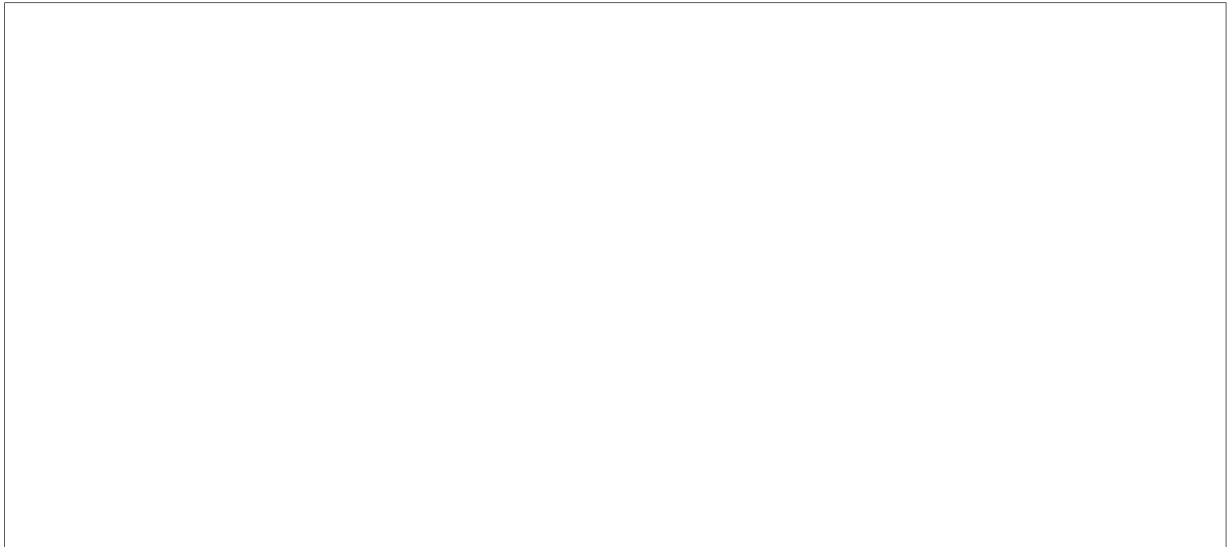
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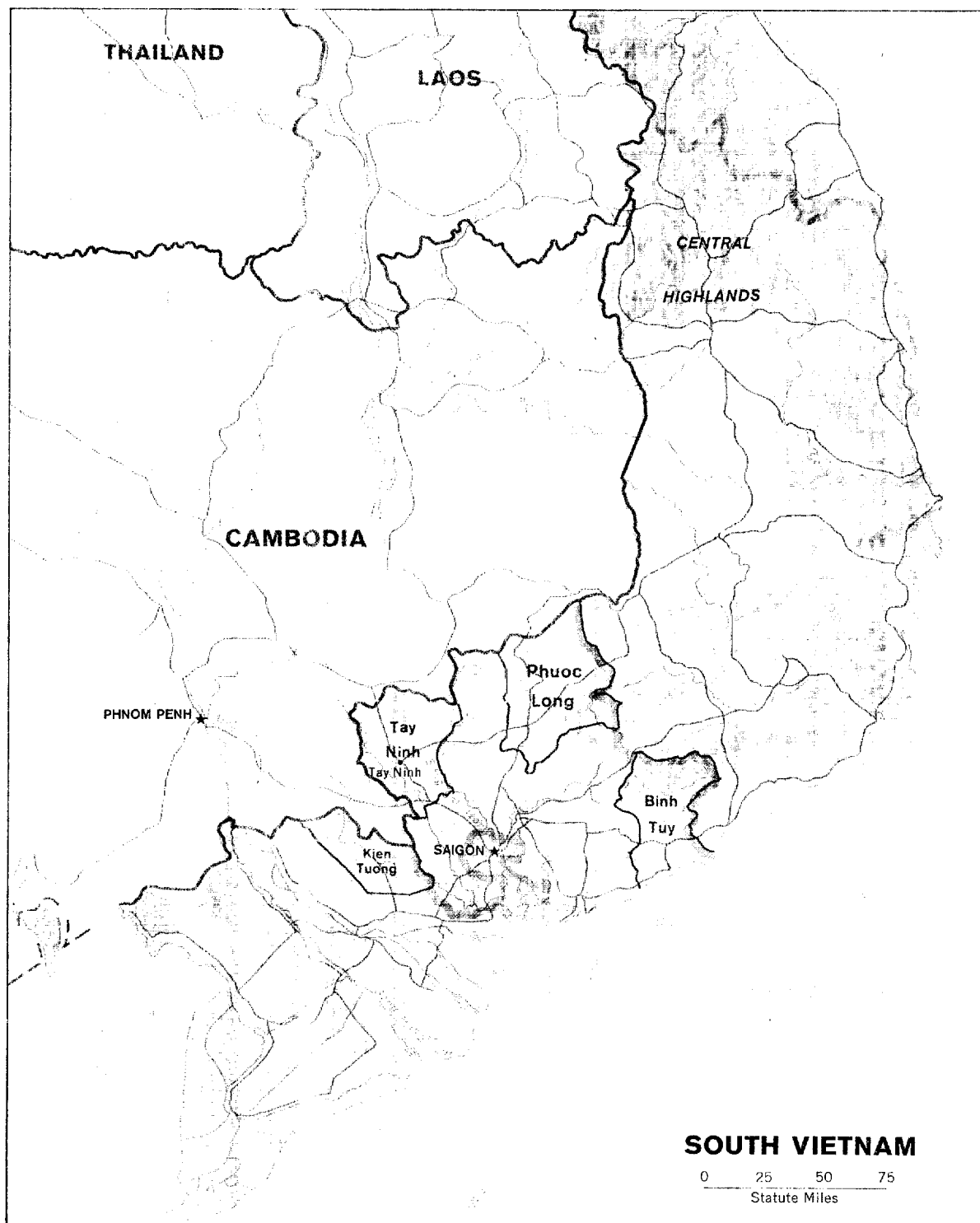


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SOUTH VIETNAM

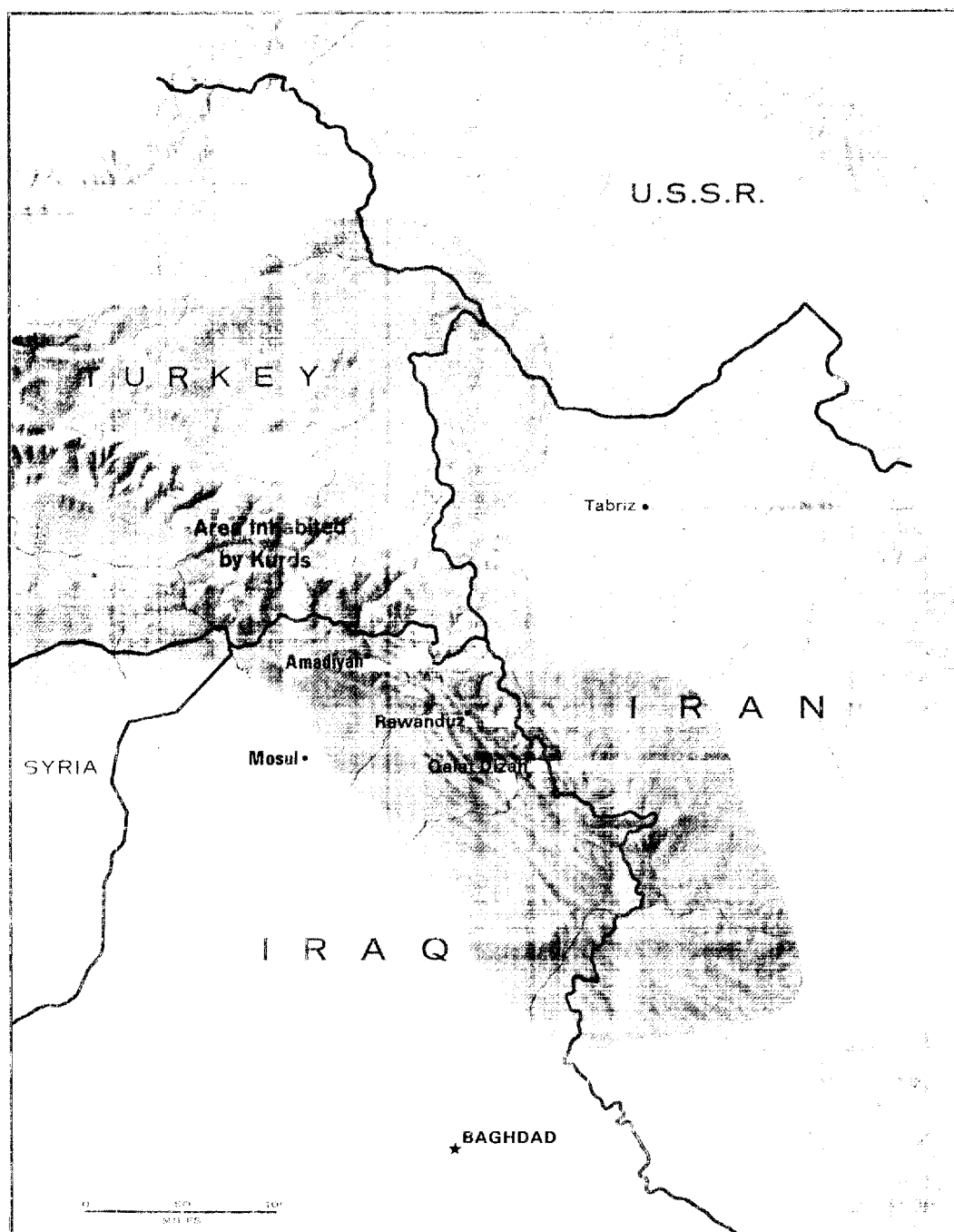
Sporadic combat activity continues northwest of Saigon in Tay Ninh Province. Unconfirmed reports suggest that the North Vietnamese 9th Division will move to the province later this month. Civilians are already leaving Tay Ninh city, and the threat of major attacks there, following the recent loss of Phuoc Long Province, may necessitate reinforcement by additional government troops. President Thieu has previously stated that it is imperative that Tay Ninh remain in government hands.

Government forces supported by air strikes have broken a month-long siege of a district capital in Binh Tuy Province. This could provide a psychological lift after the recent losses elsewhere in MR 3. The two communist regiments involved have reportedly suffered heavy casualties, primarily from air and artillery strikes.

Combat activity in the northern delta has increased during the past four days. Communist forces are again threatening principal towns in Kien Tuong Province near the Cambodian border. The most recent attacks point to another upsurge of fighting throughout this area.

The South Vietnamese air force on January 13 struck a 400-vehicle truck convoy in the triborder area of MR 2. The government believes it was carrying elements of the 968th Division from Laos into South Vietnam. Initial claims were 205 trucks destroyed, 171 soldiers killed, and numerous secondary explosions.

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## FOR THE RECORD

Iraq-Kurds: Kurdish rebels reportedly have attacked Iraqi troops and forced them to withdraw into the Mosul valley from positions in a province near the Iraqi border with Turkey. The Voice of Kurdistan claimed that the Kurds launched a major offensive, killing some 200 Iraqi soldiers in two days of fighting last week. This is the first major Kurdish initiative since winter weather brought military activity to a near standstill. Any Kurdish gains in this area must be matched by successes in the more critical area of the Rawanduz basin, where the Iraqi army has pushed to within 30 miles of the Iranian border. If the Kurds are unable to retake positions in this area over the winter, their supply lines will be in danger when action resumes on a larger scale in the spring.

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Poland: Polish party leader Gierek will make a brief stopover in Lisbon this Friday on his way home from Havana. The visit, which was apparently arranged only recently, will be the first to Portugal by an East European party leader. Lisbon has steadily sought to improve relations with the Warsaw Pact states. Portugal's Communists and the East European regimes are concerned, however, that rapid movement might evoke an anti-communist reaction within Portugal.

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